

Fraud Risk Assessment Policy

Applicability

This Policy applies to all employees of the Town of Tewksbury.

Fraud

Fraud can cover many activities; however this Policy is directed primarily at financial matters. It may include, but is not limited to:

Misappropriation of Assets

- 1) Forgery, alteration or misappropriation of checks, drafts, promissory notes or securities
- 2) Unauthorized use, or disposition of funds or property (for example, misuse of town owned computer hardware, software, data and other records; use of town owned equipment, vehicles or work time for non-town purposes)
- 3) Embezzlement
- 4) Theft
- 5) Falsifying time sheets or payroll records
- 6) Falsifying travel or entertainment expenses and/or utilizing town funds to pay for personal expenses or for personal benefit
- 7) Fictitious reporting of receipt of funds

Fraudulent Financial Reporting

- 1) Improper revenue recognition
- 2) Improper expense/expenditure recognition
- 3) Overstatement of assets
- 4) Understatement of liabilities

Expenditures and Liabilities for Improper Purpose

Payments in money or other property, including but not limited to such things as jobs for families and friends, discounted or free services in exchange for benefits and other things of value, bribes and kickbacks.

General Policy and Responsibilities

The Town will investigate any suspected acts of fraud, or misappropriation of property. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or relationship with the Town of any person, group or organization reasonably believed to have committed fraud. Each Department Head is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriation and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

The Town Manager has the primary responsibility for overseeing the investigation of all suspected fraudulent acts defined in this policy. The Town Manager will immediately notify the Board of Selectmen.

All department heads or individuals, upon discovery of any violation of this policy, must notify the Town Manager of the violation. If it is determined that corrective action may be able to be provided internally within the department, the department head or individual will notify the Town Manager as to the steps taken to correct the violation.

Upon conclusion of the investigation, the results will be reported to the Town. All significant findings will be reported to the Chairman of the Board of Selectmen. Where there are reasonable grounds to believe that a fraud may have occurred, the Town Manager may report the incident to the appropriate authorities, which shall include the Board of Selectmen and the Chief of Police, in order to pursue appropriate legal remedies. The Town Manager will pursue every reasonable effort to obtain recovery of the assets.

Procedures for Reporting

Any employee who has knowledge of any occurrence of fraudulent conduct, or has reason to suspect that a fraud has occurred, shall immediately notify the Town Manager in writing. The written report should be sufficiently detailed and inclusive to ensure a clear understanding of the issues raised. In cases where the employee has a reason to believe the Town Accountant and/or Finance Director may be involved, the employee shall immediately notify the Town Manager unless the Town Manager is also believed to be involved, then the Chairman of Board of Selectmen should immediately be notified. However, in certain circumstances, it may be appropriate for employees to report suspected instances of fraud or irregularity directly to the Chief of Police.

Investigation

Upon notification or discovery of a suspected fraud, the Town Manager shall immediately investigate the fraud. The Town Manager will make every reasonable effort to keep the investigation confidential. When deemed necessary, the Town Manager shall coordinate the investigation with the internal auditor and/or appropriate law enforcement officials. Legal Counsel will be involved in the process, as deemed appropriate.

Security of Evidence

Once a suspected fraud is reported, immediate action to prevent the theft, alteration, or destruction of relevant records shall be initiated. Such actions may include, but are not limited to, removing the records and placing them in a secure location, limiting access to the location where the records currently exist, and preventing the individual suspected of committing the fraud from having access to the records. The records shall be adequately secured until the investigation is complete.

Confidentiality

All participants and all persons questioned in a fraud investigation shall keep the details and results of the investigation confidential so as not to violate an individual's expectation of privacy. The individual will be notified of his/her right to inform the Union President about the findings of the investigation.

Personnel Actions

If a suspicion of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal and appropriate legal action, shall be taken by the Town Manager.

Whistle-Blower Protection

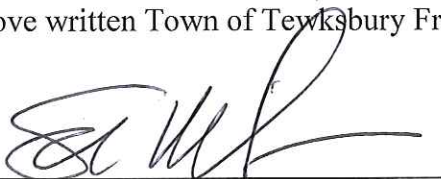
No employee of the Town or person acting on behalf of the Town in attempting to comply with this policy shall:

- be dismissed or threatened with dismissal;
- be disciplined, suspended, or threatened with discipline or suspension;
- be penalized or any other retribution imposed, or
- be intimidated or coerced,

Violation of this section of the Policy may result in a disciplinary action, up to and including dismissal.

If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator. If, however, the allegations were made in bad faith or without a justifiable basis, appropriate disciplinary action up to and including termination from employment may be taken against the individual making the erroneous allegation.

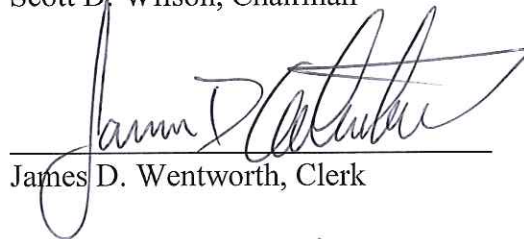
We, the Town of Tewksbury Board of Selectmen, do hereby set our hands in approval of the above written Town of Tewksbury Fraud Risk Assessment Policy.



Scott D. Wilson, Chairman



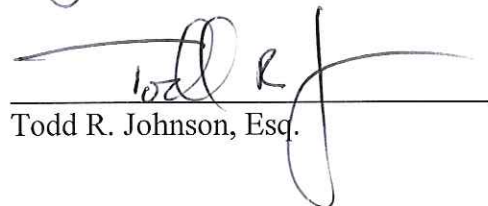
Douglas W. Sears, Esq, Vice Chairman



James D. Wentworth, Clerk



David H. Gay



Todd R. Johnson, Esq.

12/17/13

Date Adopted